

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.

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Dan E. Minor, CPA  
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INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Association for the Preservation  
of the Eno River Valley, Inc.  
Durham, North Carolina

We have audited the accompanying statement of financial position of The Association for the Preservation of the Eno River Valley, Inc. (a North Carolina non-profit organization) as of December 31, 2011, and the related statements of activities, functional expenses, and of cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of The Association for the Preservation of the Eno River Valley, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Minor, Anglin + Associates, P.A.*

June 25, 2012

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF FINANCIAL POSITION  
December 31, 2011

ASSETS

CURRENT ASSETS	
Cash	\$ 65,790
Investments	455,016
Accounts Receivable	1,499
Sales Tax Receivable	1,417
Prepaid Expenses	<u>5,168</u>
TOTAL CURRENT ASSETS	<u>528,890</u>
PROPERTY AND EQUIPMENT	
Land	5,295,827
Buildings and Improvements	604,045
Equipment	15,902
Vehicles	<u>4,090</u>
	5,919,864
Less: Accumulated Depreciation	<u>(278,460)</u>
NET PROPERTY AND EQUIPMENT	<u>5,641,404</u>
OTHER ASSETS	
Renters Security Deposits	<u>1,325</u>
TOTAL ASSETS	<u><u>\$ 6,171,619</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 4,498
Accrued Payroll	6,676
Sales Tax Payable	<u>355</u>
TOTAL CURRENT LIABILITIES	<u>11,529</u>
TOTAL LIABILITIES	11,529
NET ASSETS	
Unrestricted	5,967,129
Temporarily Restricted	<u>192,961</u>
TOTAL NET ASSETS	6,160,090
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,171,619</u></u>

See accompanying notes and independent auditors' report.

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Gains			
Festival Income	\$ 205,793	\$	\$ 205,793
Rental Income	66,181		66,181
Calendar Sales	4,004		4,004
Member Merchandise	5,980		5,980
Membership Dues	49,313		49,313
Grants	15,624	31,500	47,124
Other Program Income	132,732		132,732
Contributions			
Direct	56,446	53,152	109,598
Indirect	11,575		11,575
Contributed Land	2,808,025		2,808,025
Miscellaneous Income			-
Interest Income	3,076		3,076
Transfer to Restricted Funds	(1,000)	1,000	-
	<u>3,357,749</u>	<u>85,652</u>	<u>3,443,401</u>
EXPENSES			
Program Services			
Festival for the Eno	217,049		217,049
Outreach and Communications	74,084		74,084
Environmental Education	31,538		31,538
Land Protection	166,716		166,716
Supporting Services			
Rental	34,092		34,092
Management and General	55,490		55,490
Fundraising	74,075		74,075
	<u>653,044</u>		<u>653,044</u>
Increase in Net Assets	2,704,705	85,652	2,790,357
Net Assets - Beginning of Year	<u>3,262,424</u>	<u>107,309</u>	<u>3,369,733</u>
Net Assets - End of Year	<u>\$ 5,967,129</u>	<u>\$ 192,961</u>	<u>\$ 6,160,090</u>

See accompanying notes and independent auditors' report.

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	PROGRAM					Program Total
	Festival for the End	Outreach and Communications	Environmental Education and Other Programs	Land Protection	Program Total	
Payroll	\$ 49,380	41,521	\$ 18,060	\$ 61,406	\$170,367	
Payroll Taxes	4,822	3,758	1,179	4,952	14,711	
Employee Benefits	5,468	4,598	2,000	6,800	18,866	
Professional Fees	48,633	1,884			50,517	
Land Stewardship				6,001	6,001	
Office Expenses	718				718	
Telephone	667		9,446		10,113	
Postage	1,682	1,240			2,922	
Occupancy	34,080	929	404	1,373	36,786	
Printing	2,596	4,590			7,186	
Travel	177				177	
Depreciation	1,228	1,033	449	1,527	4,237	
Calendars/Journals		12,130			12,130	
Land Donation				7,286	7,286	
Insurance	4,955				4,955	
Other Expenses	5,397	241		58	5,696	
Festival Transportation	22,909				22,909	
Equipment & Supplies				563	563	
Land Protection	2,700			76,750	76,750	
License & Fees					2,700	
Promotions/Exhibits	31,637	2,160			33,797	
<b>Totals</b>	<b>\$ 217,049</b>	<b>\$ 74,084</b>	<b>\$ 31,538</b>	<b>\$ 166,716</b>	<b>\$489,387</b>	

See accompanying notes and independent auditors' report.

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	SUPPORTING			
	Rental	Management and General	Fund- raising	Supporting Total
Payroll	\$	\$ 11,074	\$ 53,781	\$ 64,855
Payroll Taxes		1,320	4,449	5,769
Employee Benefits		1,226	5,955	7,181
Bank Service Charges		2,090		2,090
Accounting Fees		9,900		9,900
Professional Fees	3,435			3,435
Office Expenses		3,392		3,392
Telephone		4,124		4,124
Postage		1,729	173	1,902
Occupancy	9,691	248	1,203	11,142
Repairs and Maintenance	4,962	3,888		8,850
Printing		1,638		1,638
Travel		2,185		2,185
Conferences and Meetings		6,004		6,004
Depreciation	13,930	275	1,338	15,543
Dues and Subscriptions		2,845	12	2,857
Insurance	2,074	1,162		3,236
Other Expenses		2,390	2,386	4,776
Equipment & Supplies				-
Promotions/Exhibits			4,778	4,778
Totals	\$ 34,092	\$ 55,490	\$ 74,075	\$ 163,657

See accompanying notes and independent auditors' report.

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program and Supporting Totals
	Totals
Payroll	\$ 235,222
Payroll Taxes	20,480
Employee Benefits	26,047
Bank Service Charges	2,090
Accounting Fees	9,900
Professional Fees	53,952
Land Stewardship	6,001
Office Expenses	4,110
Telephone	14,237
Postage	4,824
Occupancy	47,928
Repairs and Maintenance	8,850
Printing	8,824
Travel	2,362
Conferences and Meetings	6,004
Depreciation	19,780
Calendars/Journals	12,130
Land Donation	7,286
Dues and Subscriptions	2,857
Insurance	8,191
Other Expenses	10,472
Festival Transportation	22,909
Equipment & Supplies	563
Land Protection	76,750
License & Fees	2,700
Promotions/Exhibits	38,575
	\$ 653,044
Totals	

See accompanying notes and independent auditors' report.



THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011

Cash flows from operating activities	
Change in net assets	\$ 2,790,357
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	19,780
Contributed land	7,286
Contributed conservation easement	(2,808,025)
(Increase) Decrease in	
Investments	4,864
Accounts receivable	(1,499)
Sales tax receivable	(926)
Prepaid expenses	(957)
Increase (Decrease) in	
Accounts payable and accrued expenses	2,915
Accrued payroll taxes	2,491
Sales tax payable	(18)
Net cash provided by operating activities	<u>16,268</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(1,595)</u>
Net cash used by investing activities	<u>(1,595)</u>
Increase (Decrease) in cash	14,673
Cash - Beginning of year	<u>51,117</u>
Cash - End of year	<u><u>\$ 65,790</u></u>
SUPPLEMENTAL DISCLOSURES	
Property given to the state of North Carolina	\$ (7,286)
Contributed conservation easement	2,808,025

See accompanying notes and independent auditors' report.

THE ASSOCIATION FOR THE PRESERVATION OF  
THE ENO RIVER VALLEY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description

The Association for the Preservation of the Eno River Valley, Inc. (Association) is a non-profit organization organized under Chapter 55A of the General Statutes of North Carolina. The organization operates in Durham and Orange County, North Carolina.

The mission of the Association is to conserve and protect the natural, historical, and cultural resources of the Eno River Basin. The Association carries out its mission through a set of program areas, where each program area is served by a committee made up of board members, staff, and Association members.

The main goal of the Association is to conserve lands along the Eno River, and within the entire watershed, concentrating first on completion of the master plan for the Eno River State Park. The Association accomplishes this goal by not only purchasing and accepting donated lands and conservation easements, but also by facilitating the purchase of lands by the State of North Carolina for inclusion in the Eno River State Park.

The Association also works with an advocacy and environmental education focus, where such activities fall within the mission. Annually, the Association sponsors the "Festival for the Eno", a celebration of the Eno River and the environment, accompanied by music, dance, arts and crafts, local and regional foods, and more. In addition, the Association works with government entities as well as other local, state, and national conservation groups to preserve the environment.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Net Asset Classification

Resources for various purposes are classified for accounting and financial reporting purposes into net asset categories established according to their nature and purpose as follows:

THE ASSOCIATION FOR THE PRESERVATION OF  
THE ENO RIVER VALLEY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Unrestricted Net Assets:* Unrestricted net assets represent funds which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its program or supporting services. They generally arise as a result of exchange transactions, unrestricted contributions, or restricted contributions whose restrictions have expired.

*Temporarily Restricted Net Assets:* Temporarily restricted net assets represent resources whose use is limited by donors for the purpose and/or time in which they may be expended. Temporarily restricted net assets are reclassified to unrestricted as their time and/or purpose restrictions are met.

*Permanently Restricted Net Assets:* Permanently restricted net assets include resources with permanent donor-imposed restrictions, which require the assets to be maintained in perpetuity but permit the Organization to expend all or part of the income derived from the donated assets.

Income Taxes

The Association for the Preservation of the Eno River Valley, Inc. is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the Code). As such, the Association is exempt from Federal income taxes to the extent provided under Section 501 of the Code. Accordingly, no provision for income taxes is made in the financial statements. The organization's form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2008, 2009, and 2010 are subject to examination by the IRS, generally for three years after they were filed. As of December 31, 2011 there were no uncertain tax positions.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. The Association capitalizes all expenditures for property and equipment in excess of \$500. Equipment is depreciated on a straight-line basis over the estimated useful lives of 5-to-9 years.

THE ASSOCIATION FOR THE PRESERVATION OF  
THE ENO RIVER VALLEY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

No amounts have been reflected in the financial statements for donated services. The organization pays for most services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the organization with specific events, general operations, and various committee assignments.

Expense Allocation

The costs of providing program services and other activities are reflected on the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

THE ASSOCIATION FOR THE PRESERVATION OF  
THE ENO RIVER VALLEY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2011 consist of the following:

Land	\$5,295,827
Building and Improvements	604,045
Equipment	15,902
Vehicles	<u>4,090</u>
	5,919,864
Less: Accumulated Depreciation	( <u>278,460</u> )
Property and Equipment - Net	\$ <u>5,641,404</u>

Depreciation expense was \$19,780 for the year ended December 31, 2011.

NOTE C - RESTRICTED REVENUES

The Association has restricted grants. The grants are reported as unrestricted support if the restrictions are met in the reporting period, the policy is followed consistently, and the organization has a similar policy for reporting donor-restricted investment income and gains.

NOTE D - TAX-DEFERRED ANNUITY RETIREMENT PLAN

The Association offers a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Association. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The Association makes a \$300 basic contribution to the plan for each employee per year. Additionally, The Association matches eligible employee contributions to the plan up to 3% of the individual participant's compensation. Employees must work at least 1,000 hours each year to become eligible for the employer basic contribution and the matching contribution. The plan's expenses were \$6,650 for the year ending December 31, 2011.

NOTE E - CONCENTRATIONS

The Association sponsors the annual event - Festival for the Eno in Durham, North Carolina. The event is largely dependent on local volunteers to set up and run the festival operations. Excluding the one time non-cash contribution of \$2,808,025 for a conservation easement, the festival revenue was approximately 32% of the Association's total revenue for the year ended December 31, 2011.

THE ASSOCIATION FOR THE PRESERVATION OF  
THE ENO RIVER VALLEY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE E - CONCENTRATIONS (continued)

The Association for the Preservation of the Eno River Valley, Inc. maintains a cash balance at a financial institution in Durham, North Carolina. The Federal Deposit Insurance Corporation secures up to \$250,000 for all accounts at any one financial institution. The uninsured balance at December 31, 2011 was \$59,848.

NOTE F - FAIR VALUE FINANCIAL INSTRUMENTS

The Organization applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The Organization applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2011:

THE ASSOCIATION FOR THE PRESERVATION OF  
THE ENO RIVER VALLEY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE F - FAIR VALUE FINANCIAL INSTRUMENTS (continued)

Fair Value Measurements at Reporting Date Using:				
	December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable Securities	\$455,016	\$455,016		

NOTE G - RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

At December 31, 2011, temporarily restricted net assets consist of the following:

Stewardship Fund	\$129,953
Marg Nygard Fund	28,906
iWalk the Eno Program Grant	27,000
Website Redesign	4,500
Confluence Camp Fund	1,500
Allen Lloyd Fund	1,102
Total	\$192,961

NOTE H - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 25, 2012, the date which the financial statements were available to be issued.